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INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
RUEHFR/AMEMBASSY PARIS PRIORITY 0168
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY

C O N F I D E N T I A L DOHA 000605

SIPDIS

E.O. 12958: DECL: 08/24/2018
TAGS: [ENRG](#) [EINV](#) [EPET](#) [QA](#) [IR](#)
SUBJECT: TOTAL DROPS IRAN LNG PROJECT BECAUSE OF SANCTIONS,
POLITICAL RISK

REF: PARIS 1065

Classified By: Amb. Joseph LeBaron, reasons 1.4 (b) and (d).

11. (C) Total-Qatar's Marketing Manager, Jean-Francois Hery (protect), told Econoff August 18 that Total's July decision to pull out of a planned liquefied natural gas (LNG) project in Iran's South Pars field was due not only to political uncertainty (as reported in press) but also because sanctions on Iran were raising the cost of doing business and making the project economically unfeasible. He explained that the sanctions disqualifying American and some other companies from working in Iran made it harder to find the myriad of contractors needed for the LNG project, ultimately raising the costs to Total.

12. (C) Separately, Hery opined that Iran still has the political will to pursue LNG export projects despite its continued strong domestic gas demand, though it lacked the technical capacity and investment protections needed to attract suitable international partners. He has heard from colleagues that Iran is concerned Qatar is "taking their gas" because of the impressive and exponential growth in Qatar's gas production capacity. (Note: Qatar and Iran share the largest non-associated gas field in the world and when Qatar began gas extraction over a decade ago, all of its wells were placed right on the border with Iran).

LeBaron